



March 17, 2020

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

The Honorable Board of Commissioners
Los Angeles County
Development Authority
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors/Commissioners:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

43 March 31, 2020

CELIA ZAVALA
EXECUTIVE OFFICER

**RESOLUTIONS DECLARING INTENT TO AUTHORIZE AND IMPLEMENT THE ISSUANCE OF
MULTIFAMILY HOUSING REVENUE BONDS FOR CONSTRUCTION OF AFFORDABLE
MULTIFAMILY HOUSING IN THE CITY OF LANCASTER AND AUTHORIZE EXECUTION OF AN
INTERLOCAL COOPERATION AGREEMENT
(DISTRICT 5) (3 VOTES)**

SUBJECT

This letter recommends that the County of Los Angeles (County) Board of Supervisors and that the Board of Commissioners of the Los Angeles County Development Authority (LACDA) adopt Resolutions required to authorize and implement the issuance of multifamily housing revenue bonds to finance the acquisition, development and construction of Essex Tower, an affordable 70-unit multifamily housing development located in the City of Lancaster in the County of Los Angeles.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that adoption of a Resolution and related actions are not subject to the provisions of the California Environmental Quality Act (CEQA) because the action will not have the potential of causing a significant effect on the environment.
2. Adopt and instruct the Chair to sign a Resolution, as required under Section 147(f) of the Internal

Revenue Code of 1986, approving a plan of financing and authorizing the issuance of multifamily revenue bonds or notes by the LACDA in an amount not to exceed \$20,000,000 (Bonds) for Cherry on Top, LP, (Borrower), or an approved affiliate or assignee thereof, to finance the site acquisition, development and construction of the Essex Tower, a 70-unit multifamily rental housing development project located at 44948 10th Street West, in the City of Lancaster.

3. Approve and delegate authority to the LACDA to act as the agent of the County and to execute an Interlocal Cooperation Agreement (Cooperation Agreement) between the County and the City of Lancaster, and authorize LACDA to perform related tasks to complete the bond issuance for the Project.

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY:

1. Find that adoption of a Resolution and related actions are not subject to the provisions of CEQA because the action will not have the potential of causing a significant effect on the environment.

2. Adopt and instruct the Chair to sign a Resolution, as required under Treasury Regulations, declaring its intent to issue of multifamily housing revenue Bonds for the Borrower, or an LACDA-approved affiliate or assignee thereof, to finance the site acquisition, development and construction of the Project.

3. Authorize the Acting Executive Director, or designee, to submit an application to the California Debt Limit Allocation Committee (CDLAC) for a private activity bond allocation on an aggregate amount not exceeding \$20,000,000 for the purposes described herein.

4. Approve the designation to act on behalf of the County and authorize and instruct the Acting Executive Director, or designee, to execute, and if necessary, amend the Cooperation Agreement, and to perform related tasks to complete this Bond issuance.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this action is to approve a plan of financing and authorize the LACDA to issue the Bonds and to comply with state and federal regulations required to implement the future issuance of the Bonds in an aggregate amount not exceeding \$20,000,000 to finance the site acquisition, development and construction of the Project.

The Project is located at 44948 10th St. West in the City of Lancaster and consists of a mix of 70 one-bedroom units. Sixty-nine (69) units are restricted to homeless senior households with incomes not to exceed 35% of Area Median Income (AMI) for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for household size, as determined by the U.S. Department of Housing and Urban Development. The affordability requirements will remain in effect for 55 years. There will be a single one-bedroom unit that will be set aside for the property manager and will have no affordability requirements.

FISCAL IMPACT/FINANCING

There is no impact on the County General Fund. The Bonds will be repaid solely through rent revenues collected by the Borrower. The Borrower will pay all fees and related costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Adoption of the Resolution by the County Board of Supervisors authorizing issuance of the Bonds constitutes approval of the financing plan and bond issuance as the local government having jurisdiction over the Project area. This action is required prior to the LACDA's submission of an application to CDLAC for private activity bond allocation. This action does not, however, authorize the issuance and sale of the Bonds. The LACDA will return to the Board of Commissioners for this authorization at a later date.

Adoption of the Resolution by the LACDA's Board of Commissioners declares the intent to issue the Bonds, and is required to establish a base date after which costs incurred by the Developer may be included in the construction and permanent financing obtained pursuant to issuance of the Bonds. The Resolution is also required to complete the LACDA's application to CDLAC.

The Resolution also authorizes the Acting Executive Director of the LACDA to enter into a Cooperation Agreement with the City of Lancaster on the County's behalf as required by California Health and Safety Code Section 52086. The attached draft Cooperation Agreement will authorize the County to issue bonds in the City of Lancaster.

On February 24, 2020, the LACDA conducted a hearing at its office located at 700 West Main Street in Alhambra regarding the issuance of multifamily bonds to finance the Project, pursuant to Section 147(f) of the Internal Revenue Code. No comments were received at the public hearing concerning the issuance of the Bonds or the nature and location of the Project.

On February 25, 2020, the City Council for the City of Lancaster authorized issuance of the Bonds within the City by LACDA and execution of the Cooperation Agreement.

The Resolutions were prepared by Kutak Rock, LLP, LACDA Bond Counsel, and approved as to form by County Counsel.

ENVIRONMENTAL DOCUMENTATION

The proposed actions are not a project pursuant to CEQA because they involve activities that are excluded from the definition of a project by Section 15378 (b)(5) of the State CEQA guidelines. The proposed actions are administrative activities of government which will not result in direct or indirect physical change to the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

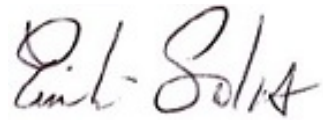
The proposed actions are a necessary step to provide bond financing for the Project, which will increase the supply of affordable multifamily housing in the County with long-term affordability.

The Honorable Board of Supervisors

3/17/2020

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Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Emilio Salas". The signature is fluid and cursive, with the first name "Emilio" and last name "Salas" clearly distinguishable.

Emilio Salas

Acting Executive Director

ES:LK:LN:DR:RM

Enclosures

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF
LOS ANGELES AUTHORIZING THE ISSUANCE OF MULTIFAMILY HOUSING
REVENUE BONDS AND RELATED ACTIONS IN THE COUNTY OF LOS ANGELES

WHEREAS, the Los Angeles County Development Authority (the “LACDA”), intends to adopt a plan of financing to sell and issue multifamily housing revenue bonds or notes in one or more series issued from time to time, and at no time to exceed \$20,000,000 in outstanding aggregate principal amount (the “Bonds”), in order to assist in financing (including reimbursement of Borrower’s expenditures) the acquisition, construction, development or rehabilitation of a multifamily rental housing development consisting of 70 units located at 44948 10th Street West, Lancaster, California 93534 in the City of Lancaster and in the County of Los Angeles (the “Project”), to be owned by a limited partnership to be formed by InSite Development, LLC and whose general partner is expected to be Cherry On Top, LP (or an LACDA approved affiliate, assign or designee); and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the “Code”), the Bonds are required to be approved prior to their issuance by the applicable elected representative of the governmental unit on whose behalf the bonds are expected to be issued and by each governmental unit having jurisdiction over the area in which any facility financed by such bonds is to be located, after a public hearing held following reasonable public notice; and

WHEREAS, the interest on the Bonds may qualify for exclusion from gross income under Section 103 of the Code, only if the Bonds are approved in accordance with Section 147(f) of the Code; and

WHEREAS, the Project is located wholly within the County of Los Angeles, California and is within the City of Lancaster; and

WHEREAS, the City of Lancaster has approved the issuance by the LACDA of the Bonds for the Project within the City of Lancaster;

WHEREAS, this Board of Supervisors is the elected legislative body of the County and is the applicable elected representative of the LACDA within the meaning of Section 147(f) of the Code; and

WHEREAS, pursuant to Section 147(f) of the Code, the LACDA has, following notice duly given, held a public hearing regarding the plan of financing and the issuance of such Bonds on February 24, 2020, and now desires that the Board of Supervisors authorizes the issuance of such Bonds within the County of Los Angeles; and

WHEREAS, this Board hereby finds and declares that this Resolution is being adopted pursuant to the powers granted by law.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The above recitals, and each of them, are true and correct.

2. This Board of Supervisors hereby approves the plan of financing and the issuance of the Bonds by the LACDA to finance costs of the Project. It is the purpose and intent of this Board of Supervisors that this Resolution constitute approval of the plan of financing and the Bonds by the applicable elected representative of the issuer of the Bonds and the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, in accordance with Section 147(f) of the Code.

3. The LACDA is hereby authorized and directed to take whatever further action relating to the aforesaid financial assistance may be deemed reasonable and desirable, provided that the terms and conditions under which the Bonds are to be issued and sold shall be approved by the LACDA in the manner provided by law prior to the sale thereof.

4. The Executive Officer-Clerk of the Board of Supervisors or a deputy thereof is directed to certify and deliver a copy of this Resolution to the LACDA.

5. This Resolution shall take effect immediately upon its adoption.

[Remainder of page intentionally left blank]

PASSED AND ADOPTED by the Board of Supervisors of the County of Los Angeles,
State of California, this 31st day of March, 2020, by the following vote:

AYES: Supervisors Solis, Ridley-Thomas, Kuehl, Hahn and Barger

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

By Katmya Barger
Chair of the Board of Supervisors

ATTEST:

CELIA ZAVALA,
Executive Officer-Clerk
of the Board of Supervisors

By: Lachelle Smithman

Deputy



APPROVED AS TO FORM:

MARY C. WICKHAM,
County Counsel

By: Bethany Walsh

Deputy

INTERLOCAL COOPERATION AGREEMENT

THIS INTERLOCAL COOPERATION AGREEMENT (this “Agreement”) is entered into as of [_____], 2020 by and between the City of Lancaster (“City”), and the County of Los Angeles, a political subdivision of the State of California, (“County”), pursuant to the provisions of Section 52086 of the Health and Safety Code of the State of California (the “Law”) for the purpose of evidencing the agreement of City and County to cooperate with one another in the exercise of their powers pursuant to the provisions of Chapter 7 of Part 5 of Division 31 and Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California, as amended (the “Act”), to permit County acting through the Los Angeles County Development Authority (“LACDA”) to issue revenue bonds or notes for the purpose of financing the acquisition, construction and rehabilitation of multifamily rental housing located in the City.

WHEREAS, the Borrower, which shall be a limited partnership to be formed by InSite Development, LLC and whose general partner is expected to be Cherry On Top, LP, or an LACDA approved affiliate, assignee, or designee (the “Borrower”) has requested that LACDA issue its revenue bonds or notes pursuant to the Act for the purpose of financing the acquisition and construction of Essex Tower, a multifamily residential rental housing project (the “Project”) located at 44948 10th Street West in the City; and

WHEREAS, LACDA has applied or will apply to the California Debt Limit Allocation Committee for an allocation of federal tax exempt volume cap for purposes of financing the Project; and

WHEREAS, the Law authorizes a county and one or more cities within the county to enter into agreements to join or cooperate with one another in the exercise jointly, or otherwise, of any or all of their powers for the purpose of financing multifamily rental housing development pursuant to the Act; and

WHEREAS, the Project is located within the City and such Agreement is required and City is located within the County.

NOW, THEREFORE, City and County hereby agree, pursuant to the provisions of the Act, as follows:

Section 1. The recitals above are true and correct.

Section 2. LACDA shall issue its revenue bonds or notes in accordance with the Act in one or more series for the purpose of financing the Project. City hereby consents to the issuance by LACDA of such revenue bonds or notes (the “Bonds”) and to the use of the proceeds of the Bonds to finance the acquisition and construction of the Project.

Section 3. The City, the County and LACDA agree to cooperate to facilitate the issuance of the Bonds and each shall take such actions as reasonably requested to permit the issuance of

Bonds including, without limitation, taking such actions as are necessary to comply with the requirements of the Internal Revenue Code of 1986 (the “Code”) with respect to the issuance of the Bonds. Without limiting the generality of the foregoing, the City acknowledges the County acting through LACDA has noticed a public hearing, with respect to the issuance of the Bonds and the financing of the Project and such hearing shall be or has been conducted by LACDA. The County shall submit or has submitted the proposed issuance of Bonds by LACDA to finance the acquisition and construction of the Project to the Board of Supervisors for the County for consideration for approval pursuant to the requirements of Section 147(f) of the Code. The City consents, in accordance with any applicable California statutes, including the Act, to such action on the part of the County and LACDA; however, the City makes no representations with respect to the validity of such hearing or whether LACDA has taken all such actions necessary to comply with the requirements of the Code with respect to the issuance of the Bonds.

Section 4. Any Bonds issued under and pursuant to the terms of this Agreement shall be obligations solely of LACDA, and the City shall not be obligated thereon or with respect thereto. This Agreement shall not bind the City to any financial obligation or credit risk or allow any repayment recourse to the City and nothing herein shall be deemed to bind the City to make any expenditure or to incur indebtedness in relation to the Bonds or the Project.

Section 5. The City hereby agrees and acknowledges that the terms, conditions and provisions of any Bonds issued pursuant to this Agreement shall be determined in the sole and absolute discretion of LACDA, and that no further review or approval thereof shall be required by the City; provided, LACDA shall, upon the issuance of the Bonds, cause the Borrower to pay all expenses of the City in connection with the Bonds and the Project and shall cause the Borrower to indemnify, hold harmless and defend the City and each of its officers, supervisors, officials, employees, attorneys and agents in the same manner as the indemnification by the Borrower of the County and LACDA.

Section 6. Nothing herein shall obligate the City to expend any funds or incur any expenses. Nothing herein shall be interpreted to obligate any payment of any kind by the County or LACDA to the City or by the City to the County or LACDA.

Section 7. Each of the County and the City represents and warrants that it has all necessary power and authority to enter into this Agreement, and that it has taken all such actions and received all such approvals as are necessary to authorize the execution and performance of this Agreement.

Section 8. This Agreement is entered into under and pursuant to the laws of the State of California and shall be effective immediately upon its execution and delivery by the parties hereto.

Section 9. This Agreement may be entered into in one or more counterparts, each of which shall be considered an original for all purposes.

Section 10. If any provision of this Agreement is, for any reason, unenforceable, such provision shall be void and of no further force and effect, and the remainder of this Agreement shall remain binding and enforceable against the parties hereto.

[Remainder of page left blank]

This Agreement is entered into by the County and the City as of the date first set forth above.

CITY OF LANCASTER, as City

By _____
Name:
Title:

APPROVED AS TO FORM:

By: _____
Name:
Title:

THE COUNTY OF LOS ANGELES, as
County

By: Los Angeles County Development
Authority

By: _____
Acting Executive Director or Designee

Print Name

APPROVED AS TO FORM:

COUNTY OF LOS ANGELES
Mary C. Wickham, County Counsel

By: _____
Senior Deputy